

SURFACE

SPRING 2016

TRUST

TRANSPORTATION REVENUES USED STRICTLY FOR TRANSPORTATION

SURFACE is a publication of TRUST dedicated to bringing news about the financing of Oklahoma's transportation infrastructure to community, business and policy leaders around the state. This biannual publication has a central focus of:

- Federal and state funding
- Regulatory news from state Capitol and Congress
- TRUST events and news
- Innovative topics on transportation funding

CONTENTS

01

The 55th Oklahoma Legislature

02

2016 TRUST Legislative Agenda

03

Measuring Up

04

Transportation Day Brings Overflow Crowd

06

2016 Events & Membership Programs

07

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THE SECOND SESSION OF THE 55TH OKLAHOMA LEGISLATURE TRANSPORTATION BATTLES TO REMAIN PRIORITY

AMIDST A \$1.3 BILLION BUDGET DEFICIT BROUGHT ON BY THE

downturn in the energy sector, the second session of the 55th Oklahoma Legislature began February 1st when Governor Mary Fallin presented her annual State of the State address in the House chamber. The governor advocated for a \$3,000 salary increase for teachers, a tax increase on cigarettes, establishing sales tax for certain services and corrections reform. The governor's executive budget contains budget reductions for most state agencies including a 6% cut to the Oklahoma Department of Transportation, however that recommendation did not impact the ROADS Fund nor is it expected to affect the department's eight-year highway and bridge construction plan. Governor Fallin's address did contain high praise for the steady progress made by ODOT to reduce the amount of structurally-deficient bridges on the state system to less than 1% by 2020. While the governor and legislative leaders will determine the final FY-2017 budget late in the legislative session, lawmakers face a severe challenge of protecting core government services—transportation, education, human services, public safety, corrections—while continuing to enact reforms that streamline government and provide better and more efficient service to taxpayers, all

while dealing with the largest budget deficit in many years.

The energy sector slump, now well over a year old, is severely impacting state revenues despite Oklahoma's fairly diverse economy. To date, two FY-16 revenue failures have been declared reducing state agency budgets by 7%, including ODOT which has had to reduce capital projects from the ROADS fund by approximately \$30 million. In order to balance the FY-17 budget, speculation has increased to undo years of transportation funding progress by further diverting transportation-generated revenues, such as motor vehicle fees and fuel taxes, away from transportation programs to other areas of state government, and by prematurely halting funding to the ROADS fund, which is the economic driver of the ODOT eight-year highway and bridge construction plan. Due to the exemplary efforts of TRUST members who stood firm in protecting the TRUST mission through their advocacy efforts, several misguided bills related to the aforementioned did not receive committee or floor hearings. However, time will tell this session if lawmakers will maintain their longstanding commitment to proper transportation funding. If they do not, Oklahoma stands to lose tremendous ground in developing and maintaining a

CONTINUED ON PAGE 2 ----->

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first-class, modern surface transportation infrastructure system.

In Washington, D.C. last fall, the United States Congress passed and President Obama signed the FAST Act which is the first long-term federal highway funding bill enacted since 2005. The five-year legislation brings multi-year solvency to the Highway Trust Fund (HTF) which reimburses states for certain highway projects. Long-term stability for the HTF and federal surface transportation programs is a longstanding priority of the TRUST legislative agenda. Oklahoma U.S. Senator Jim Inhofe, chairman of the Senate Environment and Public Works Committee, was instrumental in securing passage of the FAST Act, and TRUST thanks him once again for his monumental efforts which allow Oklahoma to continue to receive its allotted share of federal highway dollars.

As our 2016 legislative agenda states, TRUST will continue to advance many of the same goals advocated over the past several years at the state and federal levels including our top priority that transportation-derived revenues must be returned to transportation programs and not used for non-transportation government functions. On the state front, TRUST is at the Capitol each day to educate legislators on the importance of investing in and protecting Oklahoma's transportation infrastructure, and maintaining transportation at the center of the legislative conversation.

Since 2006, state leaders and the legislature have made tremendous progress to establish transportation as a core priority, and that investment is seen across Oklahoma in the form of new and refurbished highways and bridges on both the state and county highway systems. Simply stated, Oklahoma's transportation infrastructure system is in a much better place than it was a decade ago, and our momentum and progress is a direct result of your investment in TRUST. ■

2016 Oklahoma Legislative Agenda

STATE

Motor vehicle fees redirected to transportation. A core TRUST principle is all transportation-derived revenues are used strictly for transportation. TRUST supports returning all motor fuel taxes and the remaining allocation of vehicle-related fees to transportation purposes, and encourages the appropriate allocation of motor vehicle fees to state highways, county roads and municipal streets taking into consideration previous vehicle-related fees and general fund allocations. TRUST will continue to support this concept as a matter of sound public policy.

Protect ODOT eight-year highway and bridge construction work plan. TRUST's top priority is ensuring funding remains at a level where no current projects are interrupted, no planned projects cut and no motor fuel taxes and vehicle-related transportation fees diverted from ODOT's investment strategy which includes the eight-year construction work plan, the Asset Preservation Plan and highway maintenance.

Support the continuation of the full statutory allocation to the ROADS fund. In an effort to continue the replacement and rehabilitation of state highways and bridges, TRUST supports the continuation of statutory allocations to a core business function of the state.

Infrastructure bond financing. During uncertain budget times TRUST supports infrastructure bond financing to maintain critical transportation funding and projects, and vehemently opposes the diversion of motor fuel taxes and vehicle-related transportation fees to non-transportation uses of state government.

Protect County Improvements for Roads & Bridges (CIRB) five-year construction work plan. To rehabilitate county bridges and roads, TRUST supports the CIRB program and its revolving fund to be used strictly for CIRB transportation projects equaling no interruption of current projects, no elimination of planned projects and no diversion of transportation funds.

Protect transportation-dedicated revolving funds. TRUST supports the protection of transportation dedicated revolving funds. The funds are intended to fund transportation infrastructure projects and should not be diverted for other governmental purposes.

In order for Oklahoma's transportation system to continue to evolve state leaders must allocate transportation-derived revenues, such as motor fuel taxes and motor vehicle fees, strictly for transportation purposes. Economic development competition from neighboring states is intense and always present, and Oklahoma's transportation network simply must keep pace. Governor Fallin and the legislature must continue their rigorous support of the current infrastructure plans which are working statewide.

— Kell Kelly, TRUST co-chairman



Rep. Mike Sanders, ODOT Deputy Director Tim Gatz and ODOT Director Mike Patterson visit prior to TRUST Transportation Day at the Capitol.

Renovations of port of entries – weigh stations. TRUST supports methods to complete the construction of Oklahoma's new ports of entries in order to protect highways and bridges from overweight freight. Doing so will result in additional revenues from fines and fees due to increased monitoring of overweight commercial traffic. TRUST also supports returning the one-cent transportation user fee from the Petroleum Storage Tank Indemnity Fund to transportation needs to service the bond debt. This allows for no revenue impact or increased taxes while utilizing transportation fees to support transportation needs.

Innovative funding for transportation. TRUST supports innovative and alternative transportation funding that is revenue adequate for the intended purpose and user equitable as part of a comprehensive approach to increase overall transportation funding.

FEDERAL

Support long-term funding of Highway Trust Fund and federal surface transportation programs. TRUST supports the FAST Act, the five-year transportation funding bill recently passed by Congress and signed by the President. Long-term funding provides stability to the Highway Trust Fund, enabling states to more accurately plan future projects while providing regulatory relief.

Support Tribal Transportation Program. Each year tribal transportation partnerships across the state contribute close to \$60 million to highway and bridge construction. TRUST supports the current apportionment formula of Tribal Transportation Program federal funds and supports expansion of the Tribal Transportation Program and tribal partnerships. ■

This column, authored by editorial writer Julie DeCour, appeared in the February 21, 2016 edition of the Tulsa World.

MEASURING UP: THE LONG AND WINDING ROAD TO FUND TRANSPORTATION ADEQUATELY

THE ONLY THING MORE EXPENSIVE THAN A GOOD ROAD, IS A BAD ROAD.

Every state department of transportation chief will tell you that. Inevitably, all roads lead to money—at the largest such agency, TxDot, with 80,423 centerline miles, or the smallest, Hawaii DOT, with 2,450 miles or our own ODOT, with 12,265 miles.

A “DOT” might have great leadership, ideas and efficiency; a dedicated staff. But the road to anywhere isn't paved with good intentions—it's built and maintained by sufficient, reliable funding, something ODOT has almost never known.

Wonder why our roads are not as good as those in (fill in the blank)?

The answer is money.

MOTOR FUEL TAXES

Oklahoma's 17-cent-a-gallon gasoline tax and 14-cents-a-gallon diesel tax are among the lowest in the U.S., and voters have rejected raising them for nearly 30 years. The motor fuel tax provides a large share of ODOT revenue, but not nearly enough to keep up with maintenance and to erase a backlog of projects.

Oklahomans actually pay about \$1 billion in road taxes and fees each year but for decades only about \$200 million came back to state highways and bridges. Stagnant funding meant that ODOT spent more money in 1985 than it did in 2004 on infrastructure.

Meantime, traffic on state roads increased 50 percent and the cost to build and maintain roads rose 75 percent.

The ODOT system is big. Although it has a smaller population, Oklahoma ranks 17th in the U.S. in centerline miles, just behind California and New York and just ahead of Florida and Minnesota.

ODOT-maintained miles do not include county roads, city streets or turnpikes. The 673 miles of non-tolled interstate represent only 5.5 percent of total centerline miles, but account for a third of all daily traffic miles traveled in 2013 in the state.

A NEW DAY

Eleven years ago, funding improved when the Legislature created the Rebuilding Oklahoma Access and Driver Safety—ROADS—fund, to provide an annual state allocation of income tax revenue to ODOT. ROADS marked the first significant infusion of state money. In fiscal 2015, the fund received \$417 million. It's capped at \$575 million.

Those funds, along with a \$100 million, one-time state appropriation in 2006, helped address a crisis—1,168 structurally deficient bridges out of the 6,800 bridges ODOT maintains.

BAD MEMORIES

Before he became state transportation secretary, Gary Ridley served as head of ODOT. In years past, he worried about those bridges all the time, once ordering an engineer to check a bridge near Claremore every day.

A fully loaded school bus weighs about 15 tons, the exact weight limit of that bridge. Ridley was so concerned that he dropped the limit to five tons and finally closed the bridge for emergency repairs.

That was but one bad bridge. The system was in such bad shape that Ridley and staff stayed awake nights fretting about dozens of locations.

His successor, Executive Director Mike Patterson, was on that staff. He recalls one example of how bad bridges affected commerce. Grain trucks from the Enid area headed to the Port of Catoosa had to detour to Kansas and then back down to the port to avoid certain bridges.

Now, the number of structurally deficient bridges is down to 341. ODOT is on track for them to account for only 1 percent by the end of the decade.

“The bridge story is a huge success story,” Patterson said. “It's critical to know that funding will continue at the rate we planned, because you plan a decade out.”

After fixing bridges, ODOT will turn more to other pressing needs. There's a lot of them.

'THE BANK OF KDOT'

Asked to name a model state for transportation, Patterson said that he once looked admiringly at Kansas. Kansas had flush, diversified funding and innovative approaches. Its motor fuel tax is more than twice that of Oklahoma's, and it had other sources of dedicated funding that helped KDOT keep up with building and maintenance and to put new ideas into practice.

But lately, Patterson isn't looking at Kansas as a shining star, and neither should the Oklahoma Legislature.

Starting in 2011, a series of poor fiscal decisions has made balancing the state budget a yearly Sisyphean struggle. And KDOT, with that big pot of money and nicknamed the “Bank of KDOT,” has become a victim.

State officials regularly rob the bank to fund other agencies. In five years, they've diverted \$1 billion.

Because Kansas had better roads to start, it will take time for the loss to show up, but it inevitably will. Critics of this ongoing “highway robbery” argue that besides being a state's largest infrastructure asset, roads are an economic tool. An inadequate system inconveniences and endangers the public, costs drivers money in vehicle wear and tear, and slows down commerce and travel.

GOOD MODELS

Patterson and fellow DOT chiefs often share information about trends in funding, technology and planning.

He likes what Utah is doing in construction sequencing, its use of technology and its tiered funding.

“If you get to one tier this is what you can do. It's extremely well organized,” Patterson said. “They use a very sophisticated Geographical Information System. You basically can point to any highway system on a map and GIS will

tell you about maintenance, when a bridge was built, the accident rate, traffic count, etc.

“We have that, but not to extent they do.”

Patterson is tremendously proud of a “slide-in bridge,” near Mannford.

“We ‘stole’ the idea from Utah.”

Contractors built it next to the one being replaced. When the new bridge was complete, the old bridge came down and its successor was slid into place. The prototype bridge cost more, but as contractors become more familiar with the process, the price might go down.

The new method saved commuters about 200 days of inconvenience as they avoided construction or traveled longer out of their way. It took only nine days to slide the new bridge into place.

There is a huge push, Patterson said, by the federal government for states to have performance measures and assets management, connecting the funding a state receives with what it has accomplished. States have been asked to come up with a model that anyone could look at to see progress, he said.

OTHER EXAMPLES

“No one state is doing everything — you have to see what fits you. Wyoming has an inventory system for maintenance that makes it easier to have a good construction contract in place. This shows you different models to better plan and prioritize your repairs,” he said.

Michigan is leading the way in research on driverless cars, the wave of the future and something that will affect transportation systems.

California has studied linked trucks, a totally new concept in which semis are linked electronically — only the lead truck has a driver. Western states have signed an agreement on this concept. California and Texas have pilot projects.

“It's like a train on the highway. It could help with traffic management, accident rates and efficiency in delivering goods; helping the economy of a state,” Patterson said.

Maryland has Intelligent Transportation Systems, which helps drivers plan routes, travel more safely and get off if there is a tie up.

Oregon is piloting a pay-for-what-you-use way of funding that is less reliant on motor fuel taxes. So far it's been controversial.

Texas is trying a whole new funding mechanism, and some states have decided finally to raise their motor fuel taxes, something Oklahoma has not done in decades. But the gasoline tax is increasingly unreliable, affected by more and more energy-efficient vehicles.

Over-reliance on the tax has strained transportation budgets as agencies tried to cover the rising cost of materials, machinery and other expenses. Some states switched to a variable rate in which the tax rate rises over time with inflation of fuel prices.

ODOT staff keeps their eyes open for new ideas.

“Our engineers know what they want to do” or could do, Patterson said. “Funding limits what they can do.” ■

2016 TRANSPORTATION DAY AT THE CAPITOL

ON MARCH 9TH, TRUST HELD ITS ANNUAL TRANSPORTATION DAY AT THE CAPITOL.

The event was attended by a capacity crowd of TRUST members and transportation advocates who voiced their support to legislators for continued investment in Oklahoma's transportation infrastructure, including protection of the eight-year plan, ROADS fund and CIRB program. Attendees visited with legislators at a luncheon held in the second floor rotunda and during office visits. Following lunch, the forum moved to the Blue Room where Senate President Pro Tempore Brian Bingman, House Speaker Jeff Hickman, Senate Transportation Committee Chairman Gary Stanislawski, House Transportation Committee Chairman Charlie Joyner, House Appropriations Subcommittee Chairman Mike Sanders, ODOT Director Mike Patterson, Oklahoma Turnpike Authority Assistant Director Alan Freeman and Canadian County District 3 Commissioner Jack Stewart addressed the audience. Thank you to all TRUST sponsors and transportation advocates who attended this important annual event. Your participation made a positive difference. ■



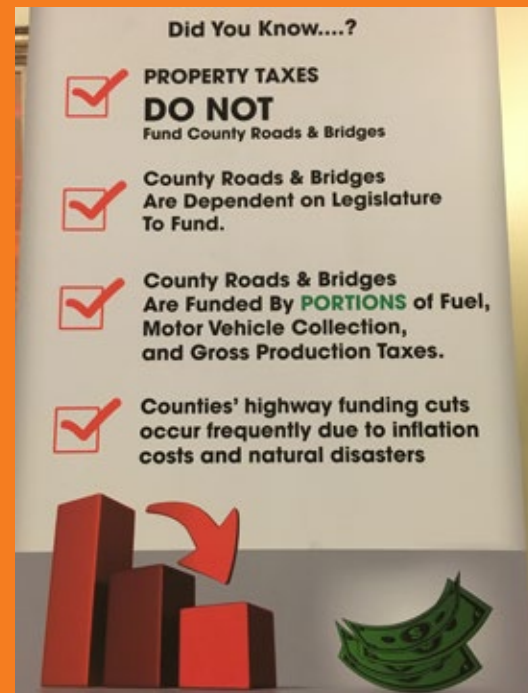
CP&Y's Jeremy Boswell with TRUST board member Mike Webb at TRUST Transportation Day at the Capitol.



An overflow crowd of TRUST members and transportation advocates fill the Blue Room during TRUST Transportation Day at the Capitol.



Senator Gary Stanislawski, chairman of the Senate Transportation Committee, was a featured speaker at Transportation Day.



Transportation funding is vital to highways and bridges in all 77 Oklahoma counties as evidence by this display at TRUST Transportation Day at the Capitol.



Rep. Kevin Calvey visits with TRUST board member Jim Duit during TRUST Transportation Day at the Capitol.

Why Join TRUST?

Be part of the voice for transportation advocacy that works with members of the state legislature to implement solutions. Without your membership to TRUST, we risk losing the valuable momentum we have gained over the past decade. At the state Capitol we must have a constant and growing voice for transportation and urge you to join us in this vital cause.

MISSION STATEMENT

TRUST, **Transportation Revenues Used Strictly for Transportation**, is an advocacy group dedicated to restoring Oklahoma's transportation infrastructure. We are committed to creating a culture within Oklahoma government that values and adequately funds transportation as a core priority.

Principles of TRUST

- Use all state transportation-derived taxes and fees strictly for transportation
- Protect and grow dedicated funds for Oklahoma's transportation system
- Educate policy makers and the public on the importance of investing in highways and bridges
- Support leaders who are committed to transportation as a core priority of state government
- Use high-quality, lasting materials in building and maintaining highways and bridges
- Advocate efficiency and accountability within the state legislature and Oklahoma Department of Transportation

TRUST ON THE WEB

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OKLAHOMA TRANSPORTATION NEWS



Our online news page is updated daily with local and national legislative and transportation articles. To receive articles as they are posted, select the orange RSS feed button located on the news page of the website.

FOLLOW TRUST ON TWITTER AND FACEBOOK



You can follow TRUST on Twitter and Facebook under the username "restoreTRUST". If you are not Facebook "Friends" with TRUST, please do so today.

EVENTS ONLINE

TRUST provides the opportunity to register for upcoming events online. In addition to TRUST events, meetings for other transportation and member organizations are posted. To review the latest transportation happenings in Oklahoma, visit the events page at www.restoreTRUST.org. To have your organizations' activities posted contact TRUST membership director Helra Han at helrahan@gmail.com.

UPDATE YOUR MEMBER PROFILE ONLINE

In an ongoing effort to conserve operating funds, TRUST continually updates its mailing lists and contact database. If you wish to continue to receive TRUST mailings, emails and newsletters, or wish to add additional contacts within your organization, please visit www.restoreTRUST.org, click on the contribute page and select "update membership profile."

2016 Event & Member Programs

THANK YOU to all TRUST members who have renewed their membership for 2016. For members who have not renewed or prospective new members, our tiered membership levels offer multiple packages, branding opportunities and reduced admission to TRUST events. Members also have the flexibility to opt out of a membership package and sponsor or purchase admittance to individual events. New or renewed memberships can be registered online at www.restoreTRUST.org by clicking the contribute page or by contacting TRUST membership director Helra Han at helrahan@gmail.com.



TRUST members gather for the annual Transportation Day luncheon in the State Capitol rotunda.



Senate President Pro Tempore Brian Bingman addresses the Transportation Day audience.

MARCH 9, 2016: TRANSPORTATION DAY AT THE CAPITOL

Our annual Transportation Day at the Capitol was held March 9th beginning with lunch in the second floor rotunda for TRUST members, transportation officials and legislators followed by remarks from legislative leaders and transportation officials. TRUST members and guests also had the option of making office visits to their hometown legislators or transportation committee members. Transportation Day is an important annual event where transportation advocates join together to create a committed show of support for transportation funding and to emphasize our legislative agenda. Thank you to all TRUST members, sponsors and transportation advocates who attended this year's event.

SENATE/HOUSE TRANSPORTATION COMMITTEE DINNERS - MAY 4th & MAY 9th

TRUST hosts its annual Senate and House Transportation Committee Dinners each spring. The events begin with a reception for TRUST members and transportation industry advocates to interact with transportation committee members. Both events include a seated dinner with remarks from state transportation officials and updates from legislative leaders on budget negotiations and transportation-related legislation.

SENATE/HOUSE TRANSPORTATION COMMITTEE DINNER SPONSORSHIP - \$1,250 EACH EVENT

Includes logo placement at events and admission for two (2) to reception/dinner. For TRUST members at the TRUSTee or Road Champion level, sponsorship and admission to both dinners is included. For TRUST members at the Advocate or Friend level, admission for one (1) to both events is included. Additional admissions are \$100.

TRANSPORTATION INNOVATION BANQUET

TRUST annually hosts the Transportation Innovation Banquet attended by over 225 TRUST members, legislators, federal, state and county elected officials, state and county transportation officials and transportation advocates who gather to discuss the current state of Oklahoma's and the nation's infrastructure. A keynote address is provided by a nationally known transportation official and the annual TRUST Guardian of Transportation Award is presented to a deserving Oklahoman. You do not want to miss this outstanding opportunity to hear from and visit with Oklahoma's political and transportation leaders. Invitations and additional information will be forthcoming.

TRANSPORTATION INNOVATION BANQUET TABLE HOST - \$1,250

Includes logo placement at event, admission to reception and seating for eight (8). For TRUST members at TRUSTee and Road Champion levels, table host package is included. For TRUST members at the Advocate, Friend or Basic level, admission for one (1) is included. Additional admissions are \$175.

TRANSPORTATION FORUMS

TRUST hosts periodic transportation forums which allow TRUST members to interact with congressional, state, county and municipal elected officials regarding transportation issues at their respective level.

TRANSPORTATION FORUM SPONSORSHIP - \$1,000

Includes logo placement at forum and admission for two (2). For TRUST members at the TRUSTee, Road Champion, Advocate or Friend level, sponsorship and admission is included. Additional admissions are \$50. ■

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Please Plan to Attend our Upcoming TRUST

- House Transportation Committee Dinner – May 4
- Senate Transportation Committee Dinner – May 9
- Transportation Innovation Banquet

Details Coming Soon!